

# Herefordshire Association of Local Councils (HALC)

## Internal Audit Service

### INTERNAL AUDIT REPORT

#### Much Marcle Parish Council 2023/24

#### 1. Introduction

Herefordshire Association of Local Councils (HALC) conducted the Internal Audit review for the year ending 31st March 2024.

#### 2. 2022/23 Internal Audit recommendations?

		Completed
2.1	VAT claim should be made as soon as possible.	Yes
2.2	The Parish Council must have a Risk Register and review its risks during the year	Yes
2.3	There is a need to link the Asset Register to the Insurance Schedule to give assurance that assets are adequately covered	Yes
2.4	It must be clear in the minutes that a Budget was approved by the Parish Council.	Yes
2.5	The Parish Council should adopt a Reserve Policy	Yes
2.6	The Parish Council should ensure that all legal publication requirements are met	Yes

#### 3. Findings of the Audit

	Scope	Observation	Pass	Rec
3.A	Appropriate accounting records have been properly kept throughout the financial year		Yes	
3.B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.		Yes	
3.C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Financial Regulations 6.15 States Where internet banking arrangements are made with any bank, the Clerk (RFO) shall be appointed as the Service Administrator. The bank mandate approved by the council shall identify a number of councillors who will be authorised to approve transactions on these accounts... At the present time	Yes	R.1

	Scope	Observation	Pass	Rec
		<p>the Clerk (RFO) acts as Service Administrator, however some Councillors have access rights other than approval rights.</p> <p>Not clear how the Parish Council conducted a review of the effectiveness of its internal control procedures.</p> <p>Consider Cyber Security cover at the next insurance review.</p>		<p><b>R.2</b></p> <p><b>R.3</b></p>
3.D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	19/07/23,10/01/24 Financial reports considered; and noted by Councillors.	Yes	<b>R,4</b>
3.E	Expected income was fully received, based on correct prices, properly recorded, and promptly banked; and VAT was appropriately accounted for.		Yes	
3.F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.		N/a	
3.G	Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied		Yes	
3.H	Asset and investments registers were complete and accurate and properly maintained.		Yes	
3.I	Periodic and year-end bank account reconciliations were properly carried out.	19/07/23,13/09/23,08/11/23, 10/01/24 Members noted the Bank reconciliation.	Yes	<b>R.4</b>
3.J	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where		Yes	

	Scope	Observation	Pass	Rec
	appropriate debtors and creditors were properly recorded.			
3.K	IF the authority certified itself as exempt from a limited assurance review in 2022/23 it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")</i>		Yes	
3.L	The Authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with legislation		Yes	
3.M	In the year covered by the AGAR the authority correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2023/24 AGAR period were public rights in relation to the 2022/23 AGAR evidenced by a notice on the website and /or authority approved minutes confirming the dates set)		Yes	
3.N	The authority has complied with the publication requirements for 2021/22 AGAR		Yes	
3.O	Trust funds (including charitable) The council met its responsibility as a trustee		N/a	
3.P	Annual Return Complete		Yes	

#### 4. Recommendations

- 4.1 Ensure that Councillor access rights comply with Financial Regulations
- 4.2 Make it clear in the minutes that the Parish Council reviewed effectiveness of its internal control procedures.
- 4.3 Consider adding Cyber Security insurance at its next insurance review.
- 4.4 Minutes to show that the Chair signed file copies of the relevant documentation.

#### 5. Annual Return- Internal Control Objective

	Objective	Yes	No	Not Covered	Rec No
<b>A</b>	Appropriate accounting records have been properly kept throughout the financial year	√			

	Objective	Yes	No	Not Covered	Rec No
<b>B</b>	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.	√			
<b>C</b>	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	√			
<b>D</b>	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	√			
<b>E</b>	Expected income was fully received, based on correct prices, properly recorded, and promptly banked; and VAT was appropriately accounted for.	√			
<b>F</b>	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.	N/a			
<b>G</b>	Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	√			
<b>H</b>	Asset and investments registers were complete and accurate and properly maintained.	√			
<b>I</b>	Periodic and year-end bank account reconciliations were properly carried out.	√			
<b>J</b>	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	√			
<b>K</b>	If the authority certified itself as exempt from a limited assurance review in 2022/23 it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")</i>	√			
<b>L</b>	The Authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with legislation	√			
<b>M</b>	In the year covered by the AGAR the authority correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2023/24 AGAR period were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and /or authority approved minutes confirming the dates set)	√			
<b>N</b>	The authority has complied with the publication requirements for 2022/23 AGAR	√			
<b>O</b>	Trust funds (including charitable) The council met its responsibility as a trustee	N/a			